

## Message Text

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PAGE 01 DACCA 04515 01 OF 02 240627Z  
ACTION EB-08

INFO OCT-01 NEA-10 ISO-00 L-03 FRB-03 OMB-01 ITC-01  
SP-02 ICA-11 AGRE-00 AID-05 CIAE-00 COME-00  
INR-10 IO-13 LAB-04 NSAE-00 OIC-02 SIL-01 OPIC-03  
STR-07 TRSE-00 CEA-01 SS-15 PA-01 JUSE-00 XMB-02  
/104 W

-----034739 240655Z /16

O R 240527Z JUL 78  
FM AMEMBASSY DACCA  
TO USMISSION GENEVA IMMEDIATE  
INFO SECSTATE WASHDC 168  
AMEMBASSY NEW DELHI

LIMITED OFFICIAL USE SECTION 1 OF 2 DACCA 4515

E.O. 11652: N/A  
TAGS: UNCTAD ETRD EPAP BG  
SUBJECT: BDG VIEWS ON UNCTAD RAW JUTE STABILIZATION PROPOSAL

REFS: A. DACCA 4475, B. DACCA 4157, C. DACCA MEMCON NO. 26  
DTD JUL 5, 1978, D. GENEVA 11082, E. STATE 181268

1. DCM AND EMBOFF CALLED ON ADDITIONAL SECRETARY FOR JUTE M.S.H. CHISHTY ON JULY 22. (WE WERE UNABLE TO SCHEDULE MEETING FOR JULY 20 AS INTIMATED REF A AND JULY 21 WAS LOCAL HOLIDAY.) CHISHTY WAS TO HAVE LEFT DACCA FOR GENEVA JULY 23 TO CHAIR BDG DELEGATION TO FIFTH UNCTAD PREPARATORY MEETING ON JUTE AND JUTE PRODUCTS.

2. DCM REFERRED TO EARLIER CONVERSATIONS WITH AMBASSADOR AND ECONOFF HAD WITH BDG JUTE OFFICIALS (REFS B AND C) AND SAID THAT STATEMENTS MADE BY BDG REPRESENTATIVE AHMED AT JULY 11 MEETING OF AD HOC INTERGOVERNMENTAL COMMITTEE (REF D) HAD CAUSED CONSIDERABLE CONFUSION AS TO THE BDG'S POSITION ON INTERNATIONAL JUTE STABILIZATION MEASURES.

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PAGE 02 DACCA 04515 01 OF 02 240627Z

DCM WENT OVER AHMED'S STATEMENTS AS THEY HAD BEEN REPORTED TO US. CHISHTY EXPRESSED SURPRISE THAT AHMED HAD TAKEN ANY POSITION AT ALL AT WHAT WAS CONSIDERED TO BE A SCHEDULING AND AGENDA SETTING SESSION. HE SAID THAT THE BDG HAS NOT SEEN THE COMPLETE TEXT OF THE UNCTAD PROPOSAL AND THEREFORE AHMED "HAD NO BRIEF" TO MAKE ANY STATEMENTS WHATSOEVER ON THE MERITS OF THE UNCTAD

PROPOSAL (NOTE - WHICH WE UNDERSTAND TO BE A "FLESHING OUT" OF THE EC PROPOSAL.) HE STATED THAT ANY VIEWS EXPRESSED BY AHMED MUST HAVE BEEN HIS OWN AND DID NOT REPRESENT THE BDG'S POSITION.

3. CHISHTY SAID THAT BANGLADESH FAVORS IN PRINCIPLE A STABILIZATION SCHEME WHICH WOULD ASSURE MARKET STABILITY FOR JUTE AND JUTE PRODUCTS. THE UNCTAD SCHEME HAD NOT BEEN PRESENTED TO THE BDG IN ENOUGH DETAIL FOR THEM TO DECIDE WHETHER THEY LIKED IT (OR EVEN WHETHER IT PROVIDED A BASIS FOR NEGOTIATION). HE SAID THAT THE BDG'S POSITION ON ANY PARTICULAR STABILIZATION PROPOSAL WOULD DEPEND ON THE FOLLOWING CONSIDERATIONS: (1) THE BDG'S ASSESSMENT OF ITS POTENTIAL EFFECTIVENESS; (2) THE MEANS AND MECHANISM FOR FINANCING THE PROPOSAL; AND (3) THE NATURE AND DEGREE OF CONTROL OVER FINANCING AND BUFFER STOCKS USED TO IMPLEMENT THE SCHEME. THE BDG IS PARTICULARLY INTERESTED IN THE MATTER OF INTERNATIONAL FINANCING AND WHAT THE CONDITIONS (E.G. INTEREST RATES) FOR SUCH FINANCING WOULD BE. HE SAID THAT UP TO NOW CARRYOVER STOCKS HAVE BEEN FINANCED BY COMMERCIAL BANKS IN BANGLADESH AND THAT IN TAKING ON THIS BURDEN THE BANKS WERE UNABLE TO UNDERTAKE OTHER NEEDED DEVELOPMENT-RELATED FINANCING. CHISHTY WONDERED WHETHER A JUTE STABILIZATION PROGRAM WOULD BE ELIGIBLE FOR IMF FINANCING AND IF SO WHAT CONDITIONS IMF WOULD IMPOSE FOR THE LIMITED OFFICIAL USE

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PAGE 03      DACCA 04515 01 OF 02 240627Z

USE OF ITS FACILITIES. (NOTE: AN IMF OFFICIAL STATIONED IN DACCA TOLD EMBOFF EARLY THIS MONTH THAT THE IMF WOULD NOT RPT NOT BE INTERESTED IN FUNDING A JUTE STABILIZATION SCHEME -- REF C.)

4. AS TO A BUFFER STOCK, CHISHTY SAID THE BDG WAS NOT

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PAGE 01      DACCA 04515 02 OF 02 240628Z

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LIMITED OFFICIAL USE SECTION 2 OF 2 DACCA 4515

OPPOSED TO THE PRINCIPLE OF INTERNATIONAL STOCKS SEGREGATED FROM DOMESTIC CARRYOVER STOCKS IN BANGLADESH ALTHOUGH HE THOUGHT THE BDG WOULD BE UNABLE TO FINANCE A SEPARATE INTERNATIONAL STOCK AT PRESENT. HE THOUGHT THAT STOCKS COULD ALSO BE HELD IN CONSUMING COUNTRIES WHERE USERS OF RAW JUTE WOULD HAVE EASY ACCESS TO THEM.

5. WE LEFT A PIECE OF PAPER WITH CHISHTY SETTING FORTH THE U.S. POSITION (REF E). CHISHTY READ IT OVER QUICKLY AND SAID HE FOUND IT CONSISTENT WITH HIS UNDERSTANDING OF U.S. POLICY RE JUTE.

6. COMMENT: WE BELIEVE THAT CHISHTY'S UNWILLINGNESS TO COMMIT HIMSELF ON SPECIFICS IS INDICATIVE OF THE BDG'S CURRENT THINKING ON JUTE STABILIZATION. THERE WILL NOT BE ANY DEFINITIVE BDG RESPONSE UNTIL THE BANGLADESHIS HAVE HAD A CHANCE TO STUDY THE SCHEME IN DETAIL. CONCOMITANTLY IT APPEARS THAT AHMED'S STATEMENTS AT THE JULY 11 MEETING ARE TO BE TAKEN AS INDICATED IN REF (D); I.E. "OFF THE CUFF" REMARKS AND NOT AN AUTHORITY.  
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PAGE 02 DACCA 04515 02 OF 02 240628Z

TIVE REPRESENTATION OF THE BDG POSITION. WE CONTINUE TO BELIEVE THAT THE BDG IS IN NO GREAT HURRY TO FINALIZE A JUTE STABILIZATION SCHEME.  
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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
**Concepts:** JUTE, FOREIGN POLICY POSITION, PRICE CONTROLS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 24 jul 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
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